
December 15, 2007**BASIC INSTINCTS**

A Little Here, a Little There and It's Gone

By M. P. DUNLEAVEY

WHERE does the money go? As I tallied up our family's income and expenses for the year, I was baffled.

My husband and I seemed to have earned plenty of money — yet when I looked at the totals, a large chunk was missing and not at all accounted for.

All right, that's not entirely accurate. We do try to follow a monthly budget, and we keep track of our basic expenses. We also try to hit specific savings targets each month for our retirement, and to build a cushion for long-term projects or unexpected expenses (as when my laptop gave up the ghost recently).

Because my forte is the psychology of money, not the accounting of it, our money management system tends to be flexible but functional. It was embarrassing to think that there was a giant hole somewhere.

When I did my rough end-of-year tally on this particular day, I was surprised to find that I had made more in the last year than ever before. This was my first year as a full-time breadwinner (my husband takes care of our 14-month-old son). At first I was proud of myself for bringing home not only the bacon but some pork loin, too.

Then, dismay. Never mind that I had earned all that money, how in the name of [Paris Hilton](#) had we managed to eat, shop, drive and live our way through all that cash—and end up scarcely better than we were before?

In my agitation, I decided to take a shortcut. Rather than review expenses month by month — a standard and reliable personal finance strategy — I decided to calculate the annual totals of our bills and deduct them from our income. It was like a game of “Clue.” Eliminate all the obvious suspects first, and end up with the true culprit responsible for the missing money.

Would it turn out to be Colonel Mustard in the kitchen with a purloined checkbook? There was quite a bit of suspense as I did the math. I didn't pore over every bill, I just rounded off all our primary expenses, and multiplied each one by 12 (we spent about \$8,400 on health insurance, \$9,600 on our mortgage and home equity loan, \$7,200 on groceries and household items, and so forth).

Then, with my husband's help, I added in the extra and unexpected costs that had cropped up throughout the year: \$4,900 for new windows, \$3,100 in co-payments for my appendectomy and \$1,500 in car repairs.

I deducted those chunks from our total income — and was horrified to conclude not only that some money was missing, but that someone had apparently absconded with \$10,000. There was no way we could have spent it.

Was there?

I ran through the numbers again with my husband, and he reached the same conclusion: approximately \$10,000 was missing in action. That was the vacation we didn't take, part of the new roof we might need, some terrific wine we didn't drink. Now we really wanted to know where that money went.

It wasn't long before it showed up. After sitting there for a while at the kitchen table, stunned, my husband said, "Thirty dollars."

He explained his theory. One day, we were about to visit friends and had offered to pick up dessert and wine — which came to about \$30. The next day we had a birthday to attend and a prescription to pick up, and we spent about \$30. We took out the calculator: \$10,000 divided by 365 is about \$27.

It wasn't that we spent \$30 mindlessly every day, but once we started digging for the "we're not really spending any money" money — a trip to Lowe's, new shoes for my son, iTunes downloads for my husband, a new work outfit for me — all the little things fell into place.

It was infuriating to think that we had let a surplus slip through our fingers. If someone had handed me a check for \$10,000, I would have gotten a great trip out of it, at the very least.

Then again, the money wasn't wasted. Wine for dinner parties, paint for the house, new things for us or the kiddo — it's surprising how it all adds up, but isn't that the true cost of living? I find that this is the hardest balance to strike. It's too stressful to monitor every dime you spend — yet it's vital to know where your money is going, so that it goes toward what matters most. I'd like to think we might achieve that equilibrium in 2008. We're working on it.

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